

MINUTES OF THE JOINT EXECUTIVE APPROPRIATIONS COMMITTEE

May 17, 2005 at 1:00 P.M.

Room W135, House Building, Senate Capitol Complex

Members Present: Sen. Lyle Hillyard, Co-Chair
Rep. Ron Bigelow, Co-Chair
Sen. Gene Davis
Sen. Mike Dmitrich
Sen. Dan Eastman
Sen. Beverly Evans
Sen. Karen Hale
Sen. Peter Knudson
Pres. John Valentine
Rep. Ralph Becker
Speaker Greg Curtis
Rep. Ben Ferry
Rep. Patricia Jones
Rep. Brad King
Rep. Roz McGee
Rep. Stephen Urquhart
Sen. Curtis Bramble, Vice Chair
Rep. David Clark, Vice Chair

Members Excused: Rep. Jeff Alexander

Members Absent: Sen. Ed Mayne

Staff Present: John Massey, Legislative Fiscal Analyst
Michael Kjar, Deputy Director, Fiscal Analyst
Lynette Erickson, Secretary

Others Present: Sophia DiCaro, Governor's Office of Planning and Budget
Scott Carver, Executive Director, Corrections
Judy Zelio, NCSL
Eldon Mulder, The Mulder Company (Alaska) and NCSL
Arley Williams, Principal Analyst, New Mexico Legislative Finance
Committee
Harry Hatry, Urban Institute, Washington D.C.

A list of visitors and a copy of handouts are filed with the committee minutes.

1. Call to Order

Committee Co-Chairman Lyle Hillyard called the meeting to order at 1:11 p.m.

2. Federal Funds Report

Sophia DiCaro, Governor's Office of Planning and Budget, directed committee attention to the list of Federal Assistance Grant Applications Requiring Legislative Action this month with the grants listed on the first page being those needing legislative approval. She clarified that these were all new or renewal grant applications and none were on last month's list.

Rep. Ferry asked if state matching money has been set aside for new grant applications and how it is appropriated. Ms. DiCaro answered that some is from money set aside within departments and is broken down by funding source in additional information the departments submit, which she can provide if requested.

Pres. Valentine questioned on item #2, if on-going funding would be required for temporary staff benefits. Ms. DiCaro responded they would be hired for the life of the grant, and in this case they are only asking for approval to apply for the grant, but under this specific grant the new hires would be eligible to receive benefits for one year.

MOTION: Rep. Bigelow moved to approve the applications for Federal Funding Grants, the 11 items on the list as outlined. The motion passed unanimously with Senators Davis and Dmitrich and Speaker Curtis absent.

2. County Jail Expansion

Scott Carver, Executive Director, Corrections, gave a brief update. During the special session, H.J.R. 101 passed giving authorization to three counties Beaver, Millard, and Sanpete to expand their county jail contracting to accommodate prison growth. Since then, Millard county is no longer interested in expanding its jail, but Garfield County has expressed interest and will be asking for a resolution allowing them to expand its correctional facility.

3. Legislating for Results

John Massey introduced the presentation saying that the Fiscal Analyst's Office was working on efforts to improve accountability. In working with NCSL to get an idea of what is happening in other states, along with other staff offices, the Fiscal Analyst's Office received training from representatives of NCSL. Judy Zelio, Program Principal with NCSL, introduced members of the team participating today.

Eldon Mulder, a former Alaska legislator and Finance committee chairman, also served 10 years as a legislative staff member and is currently a lobbyist. He began his presentation saying that in Alaska they had instituted performance budgeting eight years ago and while it is not a "silver bullet" for budget woes, it is now endorsed throughout all agencies in Alaska. He said the number one reason it is successful is that it empowers legislators to know what the important questions are to ask, how to determine the right amount of funding really needed for programs, and determine what is the desired return or outcome of the investment. He presented an overview of missions and measures, what makes a good mission statement and how measures should tell the efficiencies and effectiveness of programs. He referred to a small blue checklist of key questions policy makers should ask. He said they have found the most successful programs are those that have been legislatively mandated with mission statements and measurements outlined up front and annual legislation for any needed changes. He concluded that another important key is for legislative leaders to believe in it before members and staff, and he suggested they should focus on outcomes and demand accountability for investments.

Co-Chair Hillyard said they would make copies of the small blue sheet of key questions available to all legislators. President Valentine referred to three organization report cards, including an article in *Governing* magazine, where Alaska got C's or fair ratings while Utah received A's or excellent ratings for budget performance. He questioned why Alaska got lower ratings to which Mr. Mulder responded they have no income tax and no sales tax, but huge structural problems and structural deficits and while Utah has a sound structural base, there are always things you can do better and improve. He said the rising costs of health care is going to raise costs across the board.

Arley Williams, Principal Analyst, New Mexico Legislature, talked about how their Accountability in Government Act had helped them achieve effectiveness. Their state agencies have now all phased into the program and one amendment was recently added requiring quarterly reporting. They have established a performance accountability committee and have found the "Legislating for Results" booklet very helpful.

Sen. Bramble questioned how this program is different from the IRS's Total Quality Management (TQM) program that collapsed. Pres. Valentine, referring to reports previously mentioned, asked why New Mexico had received C ratings. Ms. Williams responded that their problems have been related to capital outlays which have created shortfalls and they are hoping Legislating for Results will help them do a better job and improve operations.

Rep. Clark commented that his business relies on financial statements for performance measures, and he has found it difficult for him to measure performance in the Legislature. He said last session the Legislature looked at performance based education and tourism. He said we take pride in our solid financial footing and are good at finding problems and addressing them, but there is still a lot we can do.

Co-Chair Bigelow shared four points. One issue facing Utah is our funding challenges for education and transportation and increasing revenues for those, but we have not spent a lot of time decreasing expenses. He said organized methods provide an opportunity to go through missions and measures and there is nothing more challenging than finding a program which is not working and then eliminating it. We must constantly be looking at ways to improve and we also need to look at how we evaluate comparative programs, and if less effective programs are found, moving those funds where they can be better used. He has found that every program has a constituency supporting it, but we still need to constantly ask if the program is meeting what we want it to do and even if it is working, if there is a better way or a different program to more effectively use funding.

Rep. Jones questioned the role of departments and how to make sure departments are also asking questions.

Harry Hatry, Urban Institute, Washington, DC, spoke to Legislating for Results under Tab 4. He clarified that the Governing Magazine report card focused on process and looked at the executive branch. He said one of the main problems across the country is many states have legislation on performance measurements, but legislators do not have time to go through numerous reports from agencies. Collecting performance information is useless if it is not used to look at results. He said they had listened to hours and hours of hearings and couldn't find many questions on outcomes. An audio hearing of a subcommittee in Louisiana was given as an example. Co-Chair Hillyard, Pres. Valentine, Rep. Clark, and Rep. McGee all commented on performance measures, targets and goals, and departments providing concise performance outcome information to legislators.

Co-chair Hillyard concluded the presentation by commenting that other states cannot believe what we do in 45 days. He pointed out that having a non-partisan staff sometimes puts them in a conflict position and knowing the staff well makes it hard to be critical. He said they are giving committee chairs and staff direction to work during the interim to hopefully have a more objective standard for achieving desired legislative results.

Mr. Massey emphasized that this presentation is not necessarily an adoption of a program, but of concepts. He also reported that their Appropriation Report is available and will be distributed tomorrow.

MOTION: Rep. Bigelow moved to approve the minutes of April 19, 2005. The motion passed unanimously with Sen. Dmitrich and Reps. King and Urquhart absent.

Co-chair Hillyard gave a brief revenue update saying the economy is doing better and there is strong indication there will be surplus funds, but money should not be spent yet.

MOTION: Rep. Bigelow moved to adjourn.

The meeting adjourned at 3:21 p.m.

Minutes reported by Lynette Erickson, secretary.